

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Required Report - public distribution

Date: 3/13/2015

GAIN Report Number: JA5009

Japan

Grain and Feed Annual

Grain and Feed Annual 2015

Approved By:

Elizabeth Autry

Prepared By:

Keiko Fujibayashi

Report Highlights:

The Japanese feed industry relies almost entirely on imported grains. Due to 2013 tight supplies of corn, which traditionally made up 50 percent of feed, the composition of feed ingredients has significantly changed over the last several years. Seeking the most price competitive ingredients, flexibility in feed composition is expected to continue in the future. Use of feed rice has increased notably in Japan Fiscal Year 2014 (April 2014 – March 2015) and is expected to increase further in coming years. Japan's feed production has been stable at around 24 million metric tons, but in JFY2013, the production was slightly below 24 million metric tons, in line with decreasing livestock numbers.

Commodities:

Corn

Barley

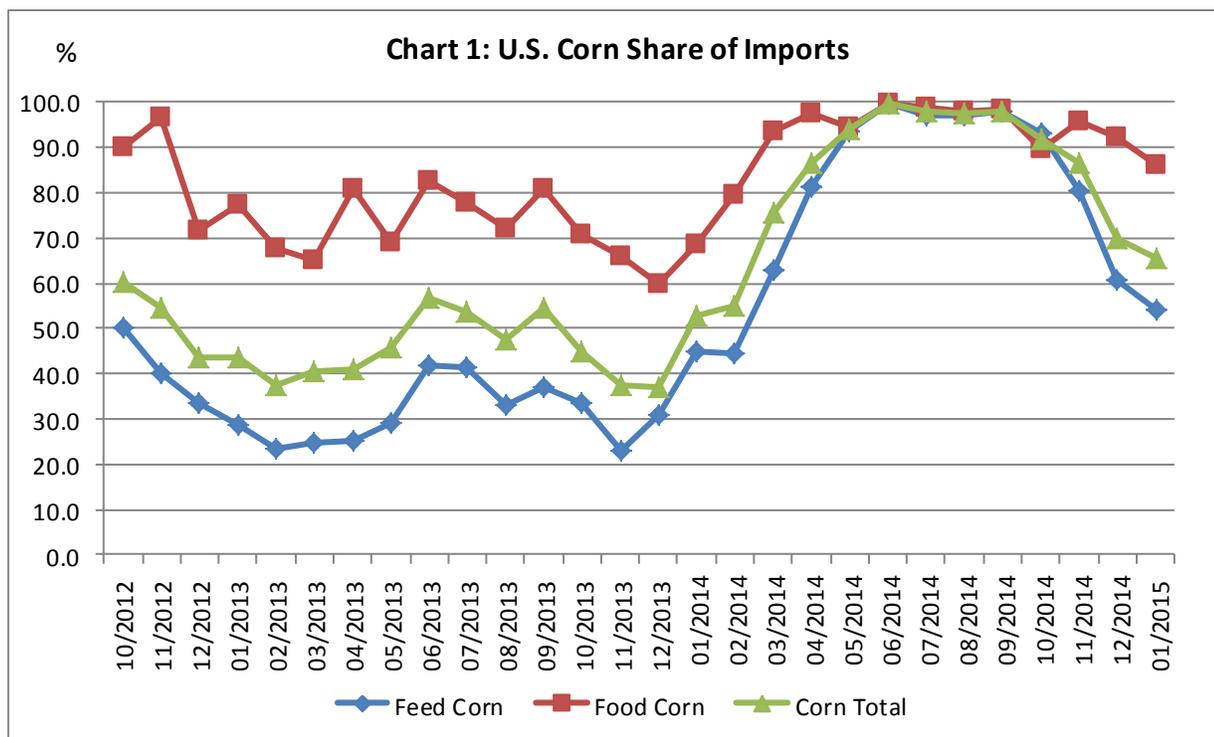
Sorghum

Rice, Milled

Wheat

FEED MARKET SITUATION

With very little commercial production of feed grains domestically, Japan's feed industry relies almost entirely on imported grains. Corn ordinarily makes up about half of all feed ingredients. For decades, the United States has provided over 90 percent of import supplies of corn to Japan. Following unstable corn supply from the United States in Marketing Year (MY) 2012/13 due to drought, which resulted in U.S. corn's import market share falling to a low of 23 percent, the market share of U.S. corn recovered to 90 percent in the latter half of MY 2013/14. As shown in the Chart 1 below, for the first four months of MY2014/15, the market share of U.S. feed corn gradually declined to 54 percent, as Japan imported second crop corn from Brazil prior to the new crop arriving from the United States. The market share of U.S. corn is expected to recover in the latter half of MY 2014/15.



The table below shows a detailed breakdown of the feed ingredient utilization ratio. In the first eight months of Japanese Fiscal Year (JFY; April-March) 2014, the ratio of corn in feed mostly recovered from

the short corn supplies of JFY2012 and 2013, to around 45 percent. The total production volume of compound and mixed feed in JFY2013 was below 24 million metric tons (MT) for the first time since JFY2004, and is on track to be even lower in JFY2014. With declining livestock numbers, feed production is not expected to increase in the near future, but is expected to remain around this level. Use of rice and DDGS has increased notably in JFY2014. Unlike corn, rice and DDGS are used primarily for poultry feed – approximately 70 percent of rice and 60 percent of DDGS.

Table 1: Feed Utilization by Ingredients (Unit: MT)

Unit:
MT

Japan Fiscal Year (April-March)	Corn	Sorghum	Wheat	Wheat Flour	Barley	Rice	Rye	Other Grains	DDGS	Non-grain Ingredients	TOTAL
2004	11,853,348 49.50%	1,395,749 5.80%	90,306 0.40%	127,382 0.50%	770,921 3.20%	285,932 1.20%	259,442 1.10%	123,399 0.50%	NA	9,062,877 37.80%	23,969,356 100.00%
2005	11,894,303 49.20%	1,335,574 5.50%	101,539 0.40%	122,738 0.50%	792,159 3.30%	325,605 1.30%	233,518 1.00%	119,150 0.50%	NA	9,228,722 38.20%	24,153,308 100.00%
2006	12,017,330 49.20%	1,280,438 5.20%	103,640 0.40%	129,212 0.50%	826,682 3.40%	425,942 1.70%	219,254 0.90%	126,810 0.50%	NA	9,291,274 38.00%	24,420,582 100.00%
2007	12,005,863 49.00%	1,137,809 4.60%	95,075 0.40%	131,695 0.50%	859,952 3.50%	557,571 2.30%	152,506 0.60%	143,979 0.60%	NA	9,434,064 38.50%	24,518,514 100.00%
2008	12,059,732 49.10%	1,240,344 5.10%	111,597 0.50%	145,387 0.60%	859,024 3.50%	468,000 1.90%	60,739 0.20%	153,138 0.60%	NA	9,449,421 38.50%	24,547,382 100.00%
2009	11,908,859 47.90%	1,722,923 6.90%	164,014 0.70%	136,567 0.50%	911,019 3.70%	256,020 1.00%	53,924 0.20%	145,614 0.60%	NA	9,554,496 38.40%	24,853,436 100.00%
2010	11,614,834 47.30%	1,464,181 6.00%	223,429 0.90%	135,379 0.60%	901,680 3.70%	401,463 1.60%	103,389 0.40%	152,545 0.60%	219,189 0.90%	9,321,592 38.00%	24,537,681 100.00%
2011	10,935,808 45.10%	1,413,787 5.80%	402,609 1.70%	151,537 0.60%	878,047 3.60%	652,573 2.70%	74,028 0.30%	149,393 0.60%	362,970 1.50%	9,218,996 38.00%	24,239,748 100.00%
2012	10,317,271 42.80%	1,653,366 6.90%	965,993 4.00%	159,886 0.70%	900,739 3.70%	472,131 2.00%	16,739 0.10%	150,236 0.60%	426,965 1.80%	9,053,078 37.50%	24,116,404 100.00%
2013	10,445,875 43.64%	1,511,073 6.31%	853,214 3.56%	158,600 0.66%	896,174 3.74%	512,132 2.14%	16,870 0.07%	146,597 0.61%	472,613 1.97%	8,925,813 37.30%	23,938,963 100.00%
2014/April	917,235 46.80%	62,998 3.20%	42,945 2.20%	13,596 0.70%	72,117 3.70%	65,161 3.30%	1,378 0.10%	10,734 0.50%	42,831 2.20%	732,800 37.40%	1,961,795 100.00%
May	928,828 46.80%	63,901 3.20%	40,263 2.00%	13,585 0.70%	72,312 3.60%	68,367 3.40%	1,200 0.10%	10,857 0.50%	43,972 2.20%	740,113 37.30%	1,983,398 100.00%
June	868,846 46.60%	59,963 3.20%	37,763 2.00%	13,175 0.70%	68,119 3.70%	65,765 3.50%	1,115 0.10%	10,282 0.60%	41,607 2.20%	697,202 37.40%	1,863,837 100.00%
July	873,013 45.40%	71,437 3.70%	38,848 2.00%	14,084 0.70%	71,905 3.70%	74,907 3.90%	1,361 0.10%	10,899 0.50%	43,127 2.20%	724,780 37.80%	1,924,361 100.00%
Aug	817,140	71,253	36,232	13,451	66,793	72,785	1,263	10,663	41,220	685,182	1,815,982

	45.00%	3.90%	2.00%	0.70%	3.70%	4.00%	0.10%	0.60%	2.30%	37.70%	100.00%
									43,35		1,912,75
Sept	860,661	77,402	38,126	13,271	69,337	79,819	1,354	11,218	1	718,213	2
	45.00%	4.00%	2.00%	0.70%	3.60%	4.20%	0.10%	0.60%	2.30%	37.50%	100.00%
									50,45		2,093,64
Oct	938,718	89,533	38,062	14,406	75,441	93,757	1,574	12,206	1	779,499	7
	44.80%	4.30%	1.80%	0.70%	3.60%	4.50%	0.10%	0.58%	2.40%	37.23%	100.00%
									48,46		1,918,45
Nov	859,572	84,426	33,309	13,078	65,952	91,655	1,278	11,219	9	709,500	8
	44.80%	4.40%	1.70%	0.70%	3.40%	4.80%	0.10%	0.58%	2.50%	36.98%	100.00%
April-	7,064,01	580,91	305,54		561,97	612,21			355,0	5,787,2	15,474,2
Nov	3	3	8	108,646	6	6	10,523	88,078	28	89	30
	45.65%	3.75%	1.97%	0.70%	3.63%	3.96%	0.07%	0.57%	2.29%	37.40%	100.00%

Source: Feed Supply Stabilization Organization

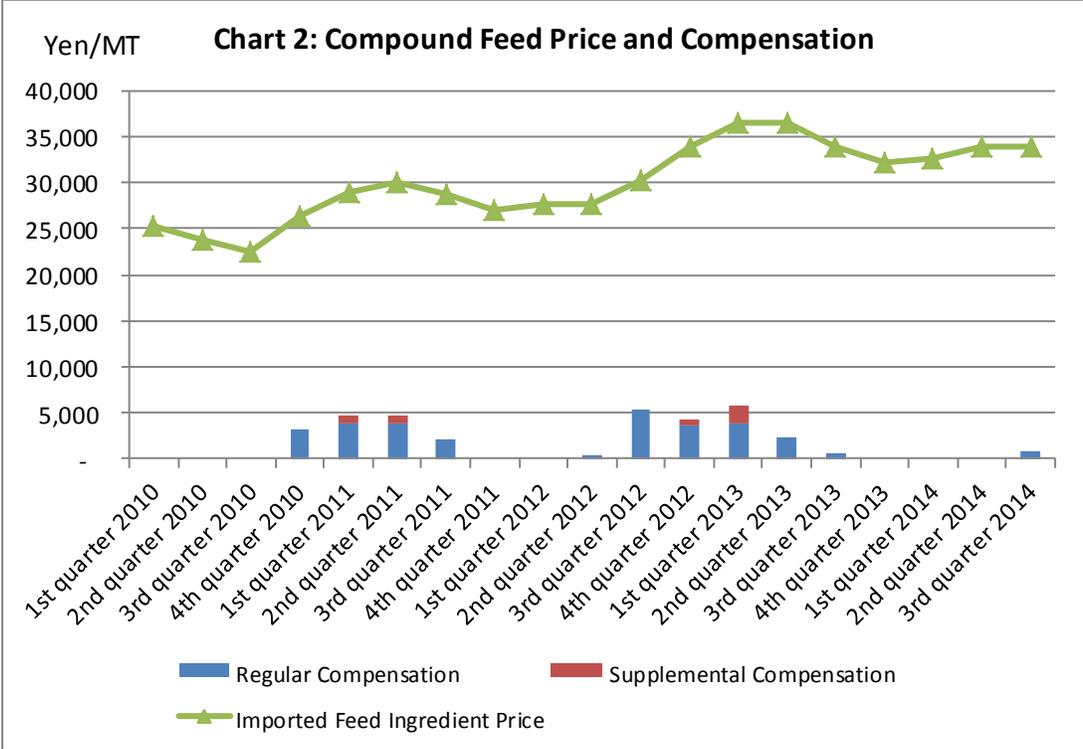
Table 2: Feed Utilization by Ingredients and Use in Japan Fiscal Year 2013 (April 2013 - March 2014, Unit: MT)

Corn	Sorghum	Wheat	Wheat Flour	Barley	Rice	Rye	Other Grains	DDGS	Grain Total	Non-grain Ingredients	Total
Layer											
2,957,665	286,497	45,986	3,093	0	168,961	0	3,445	279,019	3,744,666	2,409,202	6,153,868
48.1%	4.7%	0.7%	0.1%	0.0%	2.7%	0.0%	0.1%	4.5%	60.9%	39.1%	100.0%
Broiler											
1,625,092	528,803	43,109	13,555	528	172,062	12	6,281	50,932	2,440,374	1,383,046	3,823,420
42.5%	13.8%	1.1%	0.4%	0.0%	4.5%	0.0%	0.2%	1.3%	63.8%	36.2%	100.0%
Poultry Total											
4,582,757	815,300	89,095	16,648	528	341,023	12	9,726	329,951	6,185,040	3,792,248	9,977,288
45.9%	8.2%	0.9%	0.2%	0.0%	3.4%	0.0%	0.1%	3.3%	62.0%	38.0%	100.0%
Dairy Cattle											
1,297,102	21,922	77,434	30,806	72,455	31,868	5,515	16,908	58,084	1,612,094	1,479,691	3,091,785
42.0%	0.7%	2.5%	1.0%	2.3%	1.0%	0.2%	0.5%	1.9%	52.1%	47.9%	100.0%
Beef Cattle											
1,747,885	50,153	77,514	45,315	740,306	17,677	3,413	11,498	24,612	2,718,373	1,750,961	4,469,334
39.1%	1.1%	1.7%	1.0%	16.6%	0.4%	0.1%	0.3%	0.6%	60.8%	39.2%	100.0%
Cattle Total											
3,044,987	72,075	154,948	76,121	812,761	49,545	8,928	28,406	82,696	4,330,467	3,230,652	7,561,119
40.3%	1.0%	2.0%	1.0%	10.7%	0.7%	0.1%	0.4%	1.1%	57.3%	42.7%	100.0%
Swine											
2,596,984	618,981	602,884	63,286	68,283	117,894	138	95,798	55,435	4,219,683	1,733,068	5,952,751
43.6%	10.4%	10.1%	1.1%	1.1%	2.0%	0.0%	1.6%	0.9%	70.9%	29.1%	100.0%
Feed, Other											
23,366	2,924	174	1,718	1,463	139	0	937	203	30,924	31,040	61,964
37.7%	4.7%	0.3%	2.8%	2.4%	0.2%	0.0%	1.5%	0.3%	49.9%	50.1%	100.0%
Compound Feed Total											
10,248,094	1,509,280	847,101	157,773	883,035	508,601	9,078	134,867	468,285	14,766,114	8,787,008	23,553,122
43.5%	6.4%	3.6%	0.7%	3.7%	2.2%	0.0%	0.6%	2.0%	62.7%	37.3%	100.0%
Mixed Feed											
197,293	1,879	6,466	827	13,307	3,531	7,792	11,730	4,328	247,153	138,482	385,635
51.2%	0.5%	1.7%	0.2%	3.5%	0.9%	2.0%	3.0%	1.1%	64.1%	35.9%	100.0%
Feed Total											
10,445,387	1,511,159	853,567	158,600	896,342	512,132	16,870	146,597	472,613	15,013,267	8,925,490	23,938,757
43.6%	6.3%	3.6%	0.7%	3.7%	2.1%	0.1%	0.6%	2.0%	62.7%	37.3%	100.0%

Source: Feed Supply Stabilization Organization

Japan maintains a feed price stabilization program, whereby the combination of a subsidy by the Ministry of Agriculture, Forestry and Fisheries (MAFF) and an industry fund helps absorb sudden

surges in compound feed prices. The feed price stabilization program was revised in April 2014, allowing for the activation of supplemental compensation during times of rising prices (see [GAIN JA4038](#)). Reflecting the continued depreciation of the yen, imported feed grain prices have risen since the 1st quarter of JFY2014 (April – June 2014). As a result, the compensation was activated for the 3rd quarter of JFY2014 (September – December 2014), as the average price of the imported feed grains for the quarter (33,979 Yen/MT) was higher than the standard import price (the average price of the previous 12 months) of 33,165 Yen/MT. Thus the difference between these two prices, 800 yen/MT, was paid to farmers as regular compensation.



RICE

PS&D

<i>Rice, Milled</i>	2013/2014		2014/2015		2015/2016	
	Nov 2013		Nov 2014		Nov 2015	
<i>Market Begin Year</i>	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<i>Japan</i>						
Area Harvested	1,599	1,599	1,575	1,575	0	1,605
Beginning Stocks	2,742	2,744	2,778	3,119	0	3,327
Milled Production	7,832	7,676	7,679	7,583	0	7,500
Rough Production	10,758	10,758	10,548	10,548	0	10,302
Milling Rate (.9999)	7,280	7,280	7,280	7,280	0	7,280
MY Imports	654	656	700	700	0	700
TY Imports	650	669	700	700	0	700
TY Imp. from U.S.	0	303	0	0	0	
Total Supply	11,228	11,076	11,157	11,402	0	11,527
MY Exports	200	57	200	75	0	75
TY Exports	200	63	200	75	0	75
Consumption and Residue	8,250	7,900	8,200	8,000	0	8,000
Ending Stocks	2,778	3,119	2,757	3,327	0	3,452
Total Distribution	11,228	11,076	11,157	11,402	0	11,527
Yield (Rough)	6.7280	6.7280	6.6971	6.6971	0.0000	6.4187
TS=TD	0	0	0	0	0	0

Production down 2.0 Percent

Although production volumes vary, paddy rice is produced in every prefecture in Japan. In contrast, upland rice is only produced in the Kanto region of Japan, centering on Ibaraki Prefecture, as part of a

regular crop rotation. Upland rice used to be produced nationwide, but due to chronic oversupply of table rice, the planted area of upland rice has diminished significantly, and total area is now only one-tenth of what it was 50 years ago.

For the last two years, rice stocks have been at their highest level since 2002, resulting in low wholesale prices for domestic rice. This, combined with the government's decision to halve the subsidy payment for table rice producers, discouraged planting in 2014, resulting in a 1.5 percent decrease in planted area. Due to a slight decline from the excellent yield for paddy rice in 2014 and the aforementioned decrease in planted area, overall rice production decreased slightly from 2013, to 7.7 million MT. The weak price is expected to continue as a result of persistent high stock levels, further discouraging planting in 2015.

Table 3: Japan's Food Quality Rice Production (Brown Basis)

	Planted Area (hectares)			Production (MT)				Yield/10 ares (KG)	
	Total	Paddy	Upland	Total	*Total, Milled	Paddy	Upland	Paddy	Upland
2008	1,627,200	1,624,000	3,200	8,823,000	7,764,240	8,815,000	8,490	543	265
2009	1,624,000	1,621,000	3,000	8,474,000	7,457,120	8,466,000	8,280	522	276
2010	1,627,890	1,625,000	2,890	8,483,000	7,465,040	8,478,000	5,460	522	189
2011	1,576,370	1,574,000	2,370	8,402,000	7,393,760	8,397,000	5,220	522	220
2012	1,581,110	1,579,000	2,110	8,523,000	7,500,240	8,519,000	3,630	540	172
2013	1,598,720	1,597,000	1,720	8,607,000	7,574,160	8,603,000	4,290	539	249
2014	1,574,410	1,573,000	1,410	8,439,000	7,426,320	8,435,000	3,630	536	257

Source:

MAFF

*Milled production was revised to utilize a conversion rate of 0.88

The table below shows Japan's feed rice production. Encouraging feed rice production is one of the major policy measures in the Basic Plan for Food, Agriculture and Rural Areas, which is due to be revised in March 2015 and sets the policy direction for the next ten years.

Table 4 : Japan's Feed Rice Production

	Planted Area (ha)	Production (Brown basis)	Milled basis
2008	1,410	8,020	7,058
2009	4,123	23,264	20,472
2010	14,883	81,237	71,489
2011	33,955	183,033	161,069
2012	34,525	183,431	161,419
2013	21,802	115,350	101,508
2014	33,881	178,486	157,068

Source: MAFF

Table 5: Total Rice Production (Unit: MT)

	Planted Area (ha)	Production (Brown basis)	Milled basis
2008	1,628,610	8,831,020	7,771,298
2009	1,628,123	8,497,264	7,477,592
2010	1,642,773	8,564,237	7,536,529
2011	1,610,325	8,585,033	7,554,829
2012	1,615,635	8,706,431	7,661,659
2013	1,620,522	8,722,350	7,675,668
2014	1,608,291	8,617,486	7,583,388

Source: MAFF

Total rice production (food and feed) was approximately 7.58 million MT in 2014. For 2015, as feed rice production is expected to increase, mostly offsetting a slight decrease in table rice production, Post forecasts total rice production to decrease marginally, to 7.53 million MT.

Table Rice Consumption Remains Sluggish, but Rice in Feed is Expected to Increase

Per capita consumption of rice in Japan has been steadily declining since its peak in 1962, and is now half of what it was 50 years ago (see Table 4). MAFF attributes a slight increase in per capita consumption in 2013 to a last minute rise in demand before the consumption tax hike in April 2014. However, as shown in Chart 4, the Japanese population is both declining overall and aging rapidly. Assuming that per capita rice consumption will continue its downward trend, demand for table rice is expected to decline at an increasing rate in the coming years. MAFF forecasts the aggregate table rice demand to be 7.78 million MT for 2014/15 and 7.7 million MT for 2015/16.

MAFF incentivizes the conversion from production of rice for food use to the production of rice for other uses, particularly feed. In 2014, feed rice production increased 63,000 MT from 2013, to 178,000 MT (brown basis). The GOJ also sells imported rice out of Ordinary Minimum Access (OMA) rice stocks to feed manufacturers at a discount. As a result, the utilization ratio of rice in compound feed gradually increased, with the quantity used for feed in the first eight months of JFY2014 (April - November 2014) exceeding that of the entire JFY2013. For JFY2015, the Japan Agricultural Cooperatives' group (JA) has announced that it plans to use 600,000 MT of feed rice (including domestic, OMA and government

reserves). Meanwhile, the Feed Manufacturers Association announced that they could use 408,000 MT of domestic feed rice in their compound feed manufacture if rice is available at the same price as imported corn. If both of these targets were realized, that would indicate an increase of one million MT in the use of feed rice. However, sources indicate that it is unlikely that the poultry and swine industries could utilize such a significant increase in the amount of feed rice. In addition, the use of rice in feed imposes a significant fiscal burden on the government, as the difference in producers' income (between table rice and feed rice) is subsidized, and OMA rice is sold for feed use at a price similar to that of imported corn, which is typically less than half the purchased price of OMA rice. The Ministry of Finance has questioned the fiscal justification for indefinitely subsidizing feed rice production. However, in the near term, Post estimates that an increase in rice used in feed will offset the decrease in table rice consumption, and thus overall rice consumption is expected to stay flat in MY 2014/15 and MY2015/16, at approximately eight million MT.

Table 6: Annual Per Capita Consumption of Rice in Japan (Kilograms, Japan Fiscal Year)

1962	1965	1975	1985	1995	2005	2010	2011	2012	*2013	**2014	**2015
118.3	111.7	88.0	74.6	67.8	61.4	59.5	57.8	56.3	56.9	56.3	56.1

Source: MAFF

*Preliminary

**FAS/Tokyo estimate

Table 7: Rice Production by Use (1,000 tons; brown basis)

Crop	Total	Table Rice	Non-Table Rice Total	Processing	Government Reserve	Rice Flour	Feed	Exports	*Sake	**Other
2008	8,819	8,658	161	149	Included in table rice	1	8	0		3
2009	8,491	8,309	182	141		13	23	1		3
2010	8,567	8,239	328	213		28	81	2		4
2011	8,584	8,133	451	155	68	40	183	2		4
2012	8,700	8,210	490	181	85	35	183	3		4
2013	8,715	8,181	534	208	183	21	115	3		3
2014	8,614	7,885	729	268	250	18	178	6	4	3

Source: MAFF

*Prior to 2014, even though rice for sake is produced outside the production control program for table rice, it was included in the Table Rice statistics.

**Other includes for rice straw, early harvest rice for forage, and for ethanol production.

Chart 3: Use of Rice in Feed

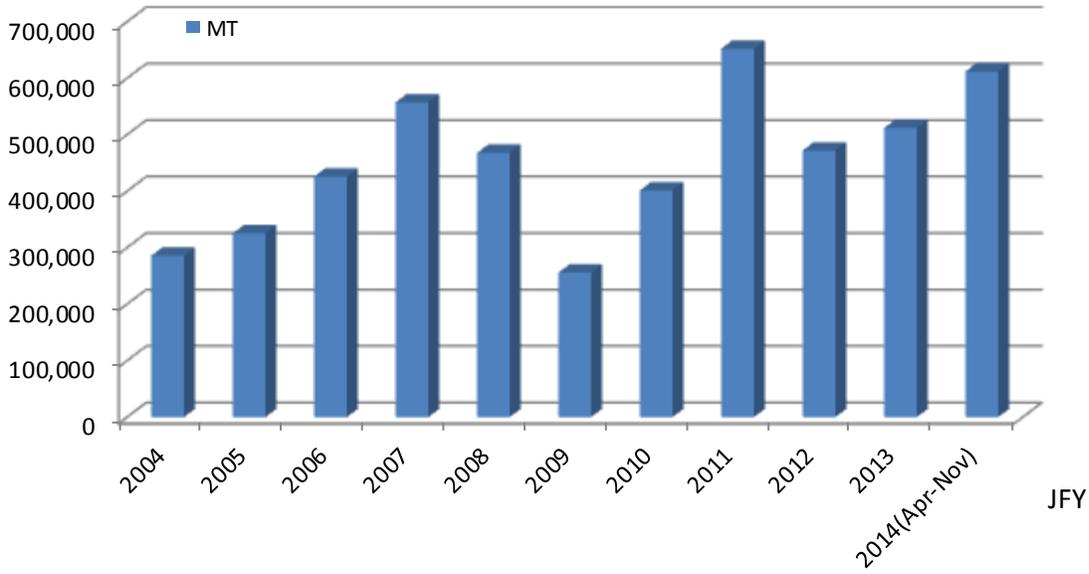
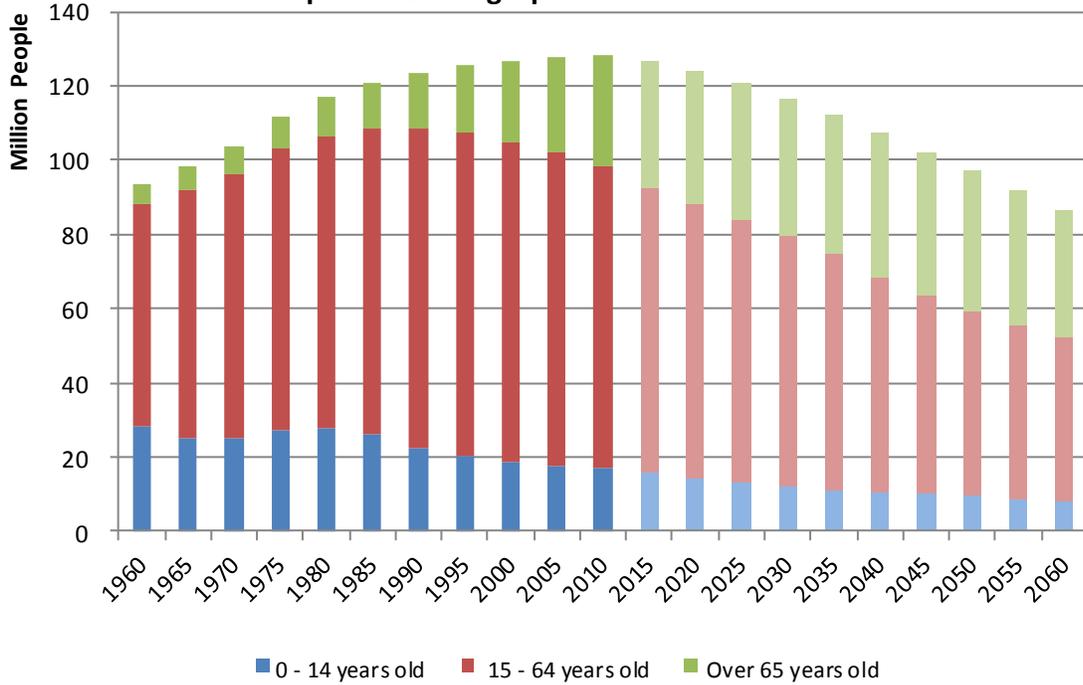


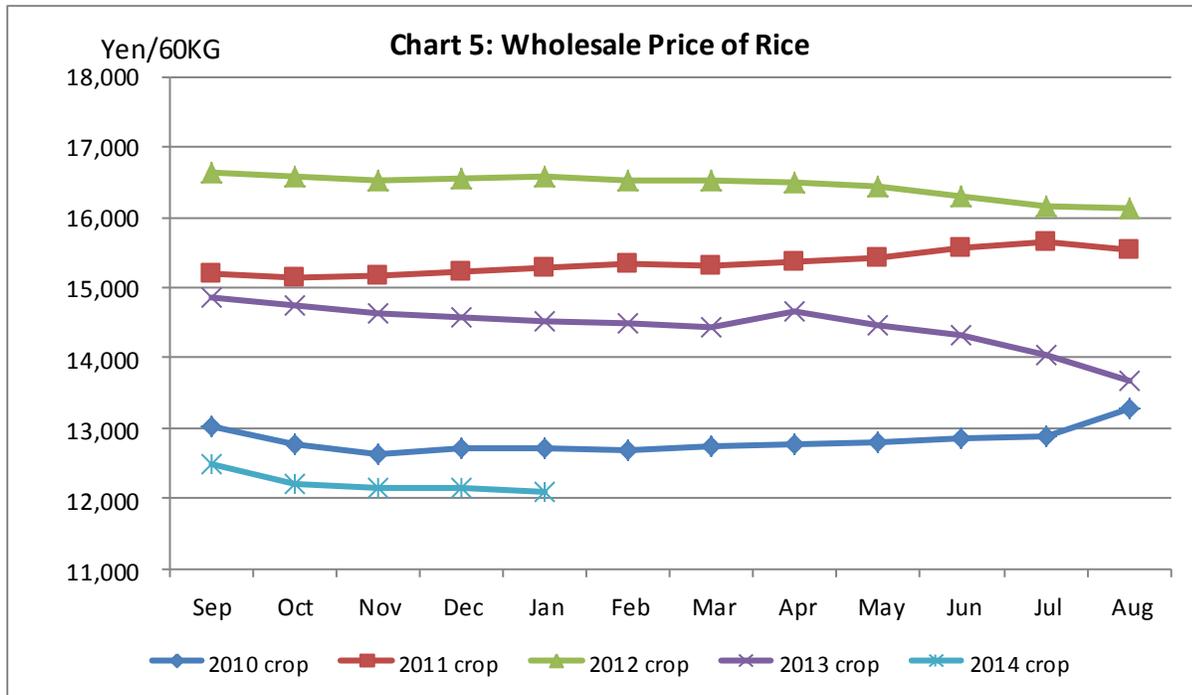
Chart 4: Japanese Demographic Trends and Future Forecast

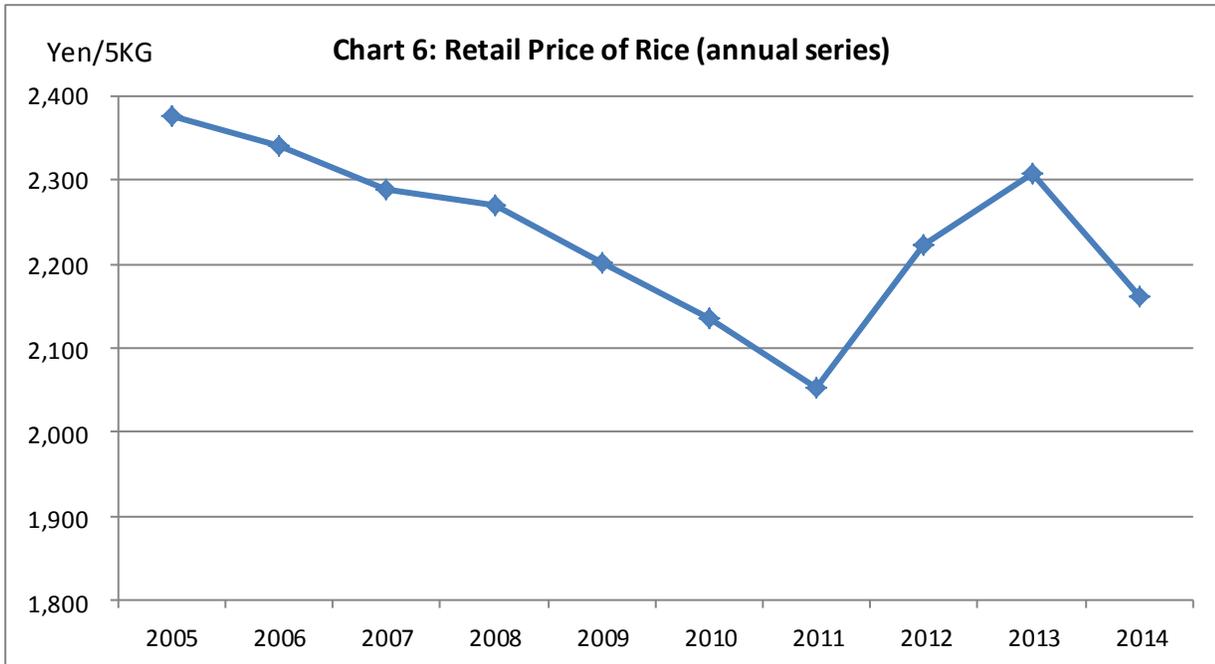


Source: Source: Ministry of Management, Home Affairs, Post and Telecommunications
Japanese Institute of Population and Social Security Research

Wholesale Price of 2014 Crop Starts 16 Percent below 2013 Level

The charts below show the wholesale and retail price trends. With another abundant harvest in 2014 and continuing high stock levels, the starting price of the 2014 crop dropped more than 16 percent compared to the same period the previous year. To stop the wholesale price from falling further, in December 2014, the Rice Stable Supply Support Organization, a private group consisting of producers and wholesalers, decided to pay the storage costs for 200,000 MT of table rice, keeping it off the market until the price recovers.





Low Domestic Rice Price Contributes to a Decrease in SBS Rice Imports in JFY2014

As a result of the Government of Japan’s (GOJ) tariffication of rice in JFY2000, the Minimum Access commitment was reduced from 8.0 percent to 7.2 percent of total domestic consumption, i.e., from 758,000 MT to 682,000 MT (milled basis), as shown below.

Table 8: Japan’s Minimum Market Access Obligations for Rice (Unit: MT)

Without Tariffication		With Tariffication	
Volume	Percent of Domestic Consumption	Volume	Percent of Domestic Consumption
758,000	8.0 %	682,000	7.2 %

Source: MAFF

As of March 3, 2015, eight Simultaneous Buy and Sell (SBS) tenders and thirteen Ordinary Minimum Access (OMA) tenders had been held in JFY2014. While SBS rice goes to retailers and foodservice users and is consumed as table rice, OMA rice does not enter the table rice market. The low price of domestic rice in 2014 led Japan’s food service industry to shift to domestic rice. As a result, only 11,506 MT of rice was contracted in the eight SBS tenders. The volume of U.S. rice contracted under the SBS tenders decreased from 20,046 MT in JFY2013 to 3,804 MT in JFY2014 (as of March 3, 2015), of which 64 percent was glutinous rice due to its price competitiveness over domestic glutinous rice.

Table 9: Historic Results of Japan's Minimum Access Rice Tenders (JFY 2004-2014, Unit: MT)

	U.S.	Thailand	Australia	China	Others	Total
JFY2014 (As of March 3, 2015)						
SBS	3,804	5,596	559	680	867	11,506
Share	33.1%	48.6%	4.9%	5.9%	7.5%	100.0%
OMA	303,000	238,806	12,000	48,000	0	601,806
Share	50.3%	39.7%	2.0%	8.0%	0.0%	100.0%
Total	306,804	244,402	12,559	48,680	867	613,312
Share	50.0%	39.8%	2.0%	7.9%	0.1%	100.0%
JFY2013						
SBS	20,046	11,173	26,244	714	2,662	60,839
Share	32.9%	18.4%	43.1%	1.2%	4.4%	100.0%
OMA	300,000	300,933	12,000	0	6,000	618,933
Share	48.5%	48.6%	1.9%	0.0%	1.0%	100.0%
Total	320,046	312,106	38,244	714	8,662	679,772
Share	47.1%	45.9%	5.6%	0.1%	1.3%	100.0%
JFY2012						
SBS	40,974	4,870	23,873	28,164	2,119	100,000
Share	41.0%	4.9%	23.9%	28.2%	2.1%	100.0%
OMA	281,000	245,564	35,000	13,000	5,000	579,564
Share	48.5%	42.4%	6.0%	2.2%	0.9%	100.0%
Total	321,974	250,434	58,873	41,164	7,119	679,564
Share	47.4%	36.9%	8.7%	6.1%	1.0%	100.0%
JFY2011						
SBS	23,928	7,822	16,134	51,095	1,021	100,000
Share	23.9%	7.8%	16.1%	51.1%	1.0%	100.0%
OMA	295,000	206,761	49,000	0	30,000	580,761
Share	50.8%	35.6%	8.4%	0.0%	5.2%	100.0%
Total	318,928	214,583	65,134	51,095	31,021	680,761
Share	46.8%	31.5%	9.6%	7.5%	4.6%	100.0%
JFY2010						
SBS	22,210	11,010	0	3,468	538	37,226
Share	59.7%	29.6%	0.0%	9.3%	1.4%	100.0%
OMA	295,000	296,482	36,000	13,000	0	640,482
Share	46.1%	46.3%	5.6%	2.0%	0.0%	100.0%
Total	317,210	307,492	36,000	16,468	538	677,708
Share	46.8%	45.4%	5.3%	2.4%	0.1%	100.0%
JFY2009						
SBS	22,191	13,628	0	63,835	346	100,000
Share	22.2%	13.6%	0.0%	63.8%	0.3%	100.0%
OMA	296,500	283,710	0	0	0	580,210
Share	51.1%	48.9%	0.0%	0.0%	0.0%	100.0%
Total	318,691	297,338	0	63,835	346	680,210
Share	46.9%	43.7%	0.0%	9.4%	0.1%	100.0%

Source: MAFF

As shown in Table 8 below, in recent years, 10,000 ~ 100,000 MT of OMA rice was sold to the food service industry for table rice; between 150,000 and 210,000 MT was used by food processors for miso, *shochu* (spirits distilled from rice), rice crackers and sweets; between 250,000 and 450,000 tons was

consumed by feed millers; and between 40,000 and 200,000 tons were re-exported under food aid programs.

Table 10: OMA Rice Sales by Use (Unit: 1,000 MT, brown rice basis)

MY	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Table rice		30	40	100	100	90	100	40	60	80	100	110	100	80	80	10	80	100	40	1340
Processing	120	280	190	280	240	270	240	210	310	250	250	360	370	210	210	150	150	190	150	4430
Feed											150	580	660	250	420	380	450	330	440	3660
Food aid		120	340	230	260	210	230	200	220	170	130	80	120	200	140	90	190	100	40	3070
Researve	310	390	420	440	580	750	950	1270	1480	1750	1890	1520	970	950	880	960	780	800	840	-
Total	430	820	990	1050	1180	1320	1520	1720	2070	2250	2520	2650	2220	1690	1730	1590	1650	1520	1510	

Source: MAFF

MY: November - October (e.g., MY2014: November 2013 - October 2014)

In addition to the uses noted above, between 1996 and 2014, 40,000MT was destroyed as not suitable for human consumption and 150,000 MT was sold for bioethanol use.

Stocks

Due to a good 2013 crop and sluggish consumption, MAFF had forecast that, by June 2014, privately-held stocks of table rice would increase 14 percent over the previous year, to 2.55 million MT (brown basis). Therefore, the Rice Stable Supply Support Organization purchased 350,000 MT in April 2014 to sell for feed or processing, and the June 2014 stock level instead remained constant at 2.2 million MT. However, that level was still higher than what MAFF considered to be the appropriate private stock level of 1.99 million MT. As MAFF forecasts aggregate table rice demand for 2014/15 to be 7.78 million MT, the 2014 harvest of 7.88 million MT of table rice is expected to add approximately 100,000 MT to privately-held stocks – to 2.3 million MT – by June 2015. However, if MAFF succeeds in convincing farmers to switch production from table rice to feed rice, private stocks could end up closer to the desired 1.99 million MT in 2015 and 2016.

MAFF holds emergency stocks of rice, the level of which is targeted at 1 million MT (brown basis, excluding OMA rice). The 2011 Great East Japan Earthquake triggered an effort to renew government stocks of rice, leading to an increase in stocks of domestic rice in 2012. MAFF also holds unsold OMA rice stocks. Since its peak in 2006, the stock level of OMA rice has decreased as MAFF has been aggressively selling OMA rice into the feed sector.

Table 11: Japan's Government Rice Reserve (Unit: MT, brown rice basis, as of June each year)

	Domestic	OMA rice	Total
2006	770,000	1,890,000	2,660,000
2007	770,000	1,520,000	2,290,000
2008	990,000	970,000	1,960,000
2009	860,000	950,000	1,810,000
2010	980,000	880,000	1,860,000
2011	880,000	960,000	1,840,000
2012	950,000	780,000	1,730,000
2013	910,000	800,000	1,710,000
2014	910,000	840,000	1,750,000

Source: MAFF

WHEAT

PS&D

<i>Wheat</i>	2013/2014		2014/2015		2015/2016	
	Jul 2013		Jul 2014		Jul 2015	
<i>Market Begin Year</i>	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<i>Japan</i>						
Area Harvested	213	210	213	213	0	213
Beginning Stocks	1,543	1,543	1,309	1,339	0	1,418
Production	812	812	849	849	0	800
MY Imports	6,123	6,123	6,000	5,800	0	5,800
TY Imports	6,123	6,123	6,000	5,800	0	5,800
TY Imp. from U.S.	2,928	2,967	0	2,900	0	
Total Supply	8,478	8,478	8,158	7,988	0	8,018
MY Exports	269	269	300	270	0	270
TY Exports	269	269	300	270	0	270
Feed and Residual	1,000	700	600	400	0	400
FSI Consumption	5,900	6,170	5,900	5,900	0	5,900
Total Consumption	6,900	6,870	6,500	6,300	0	6,300
Ending Stocks	1,309	1,339	1,358	1,418	0	1,448
Total Distribution	8,478	8,478	8,158	7,988	0	8,018
Yield	3.8122	3.8667	3.9859	3.9859	0.0000	3.7559

Production in 2014 Up 4.6 Percent

With generally favorable weather conditions in all the major growing regions in 2014, yield increased two percent in Hokkaido, which produces 65 percent of Japan's wheat supplies, and six percent in other growing areas. This above average yield combined with an increase in total planted area to push 2014 wheat production up 4.6 percent over 2013. Since wheat is an alternative crop to rice in some areas, Post forecasts planted area for wheat will increase slightly in 2015 as planted area for rice is expected to

shrink. Despite this increase in area, assuming average yield, production volume is forecast to decline by 6 percent.

Table 12: Japan's Wheat Production

	Planted Area (hectares)	Production (MT)	Yield (MT/ha)
2009	208,300	674,200	3.24
2010	206,900	571,300	2.76
2011	211,500	746,300	3.53
2012	209,200	857,800	4.10
2013	210,200	811,700	3.86
*2014	212,600	849,100	3.99
**2015	213,000	800,000	3.76

Source: MAFF

*Preliminary

**FAS/Tokyo forecast

Food Wheat Consumption Steady, Feed Use Decreases

Consumption of food wheat has been relatively flat over the last three decades, at around 32 kilograms per capita. Combined with the wheat equivalent of wheat product imports of 200,000 to 300,000 metric tons (refer to Table 18-2 below), Japan's aggregate food wheat demand is expected to remain flat at 5.9 million metric tons in MY 2014/15 and MY2015/16. With a decline in the price of corn, Japanese imports of feed wheat gradually decreased in MY2013/14 from the record high level in MY2012/13 (refer to Chart 9). In the past, Japanese feed millers were reluctant to change the composition of feed ingredients. However, over the last three years, the Japanese feed industry increased the use of wheat in feed and discovered that it did not affect livestock production. Therefore, as long as the price of wheat is reasonably attractive, feed millers are expected to continue using wheat at higher than historical levels, with a utilization ratio around 1.5 ~ 1.7 percent, or 400,000 MT per year.

As a result, Post estimates overall consumption of wheat to be 6.3 million MT in MY2014/15 and MY2015/16.

Wheat Imports

All food quality wheat is imported by MAFF through 1) direct purchase of food wheat and 2) SBS imports of food wheat. Assuming steady food wheat demand and domestic production, Post estimates that imports will remain unchanged in MY2014/15 and MY2015/16.

1) Food Wheat: Direct Purchase by MAFF

MAFF purchases different types of food quality wheat, mainly from the United States, Canada and Australia, to best meet the needs of Japanese users.

Table 13: Types of Wheat Imported under State Trading and Their Uses (Unit: MT)

Brand	Use	MY2013	*MY2014
U.S. Western White (WW)	Confectionery products	640,307	669,428
U.S. Hard Red Winter (HRW)	Bread and Chinese noodles	836,456	685,587
U.S. Dark Northern Spring (DNS)	Bread and Chinese noodles	1,001,600	981,398
Canada Western Red Spring #1 (1CW)	Bread	1,401,434	985,155
Australia Standard White (ASW)	Japanese noodles	790,933	698,770
Other (WC, SRW, APW)	Substitute for WW	27,170	
Total		4,697,900	4,020,338

Source: MAFF

*July2014 – February 2015

On the basis of planned arrival in Japan at the time of contract

MAFF controls both producer and resale prices of domestic wheat, as well as the resale price of imported wheat. MAFF buys imported wheat at international prices and sells it to domestic flour millers at a markup. That markup ratio fluctuated between 1.3 and 1.6 over the last two years. MAFF reportedly intends to maintain this rate at around 2 to 1, meaning MAFF sells imported wheat at twice the purchase price. For further details of how this system works, please refer to the [2013 Grain and Feed Annual](#).

Table 14: GOJ Resale Prices of Imported Wheat (Yen/MT)

	Yen/MT	Change from previous price
Oct 2010 - Mar 2011	47,860	
Apr 2011 - Sept 2011	56,710	18.5%
Oct 2011 - Mar 2012	57,720	1.8%
Apr 2012 - Sept 2012	48,780	-15.5%
Oct 2012 - Mar 2013	50,130	2.8%
Apr 2013 - Sept 2013	54,990	9.7%
Oct 2013 - Mar 2014	57,260	4.1%
Apr 2014 - Sept 2014	58,590	2.3%
Oct 2014 - Mar 2015	58,330	-0.4%
Apr 2015 - Sep 2015	60,070	3.0%

Source: MAFF

Average of five brands: WW, HRW, DNS, 1CW and ASW

The price includes 5% consumption tax until March 2014 and 8% consumption tax from April 2014

2) Food Wheat: SBS Imports

MAFF has conducted an SBS system for food quality wheat and barley since April 2007. The idea behind the SBS system is to allow for greater flexibility and transparency in a portion of the food quality wheat imports. However, MAFF still remains a “middle man” in the transaction.

MAFF holds SBS tenders under the following two categories.

Category I: Prime Hard and Durum

Category II: Any brand except:

U.S. Western White (WW)
 U.S. Hard Red Winter (HRW)
 U.S. Dark Northern Spring (DNS)
 Australia Standard White (ASW)
 Canada Western Red Spring (CWRS)

During the most recent complete Japanese fiscal year, JFY2013, a total of over 320,000 MT of wheat (Category I and II combined) was imported as shown below, up 25,000 MT from the previous year. The increase was primarily due to a recovery in Canadian Durum supply. In JFY 2014, over 260,000 MT has been contracted. Because of relatively expensive freight rates for containers, the amount of wheat imported by container (Category II) has been small.

Table 15: SBS Imports of Food Wheat – JFY2013 and JFY2014, Unit: MT)

Country	Brand	Category	Apr-Sep	Oct 2013	JFY20	Apr-Sept	Oct 2014	JFY20
			2013	~March 2014	13 Total	2014	~March 2015	14 Total
Australia	*Prime Hard	Category I	30,620	47,900	78,520	21,750	32,900	54,650
		Category II	1,603	5,791	7,394	6,717	0	6,717
		Australia Total	32,223	53,691	85,914	28,467	32,900	61,367
Canada	Durum	Category I	110,940	112,671	223,611	114,748	74,250	188,998
		Category II					3,164	3,164
		Canada Total	110,940	112,671	223,611	114,748	77,414	192,162
France	French	Category II	2,542	3,417	5,959	2,790	2,754	5,544
**Other	Other	Category II	2,151	4,530	6,681	4,740	880	5,620
Total			147,856	174,309	322,165	150,745	113,948	264,693

Source: MAFF
 Contract basis

* As a result of the Japan-Australia Economic Partnership Agreement, as of January 15, 2015, Australian Hard Wheat and Premium White Wheat are able to be imported under SBS.

**"Other" includes organic HRS, organic Hard White, and Durum from the United States.

3) Food Wheat: Private Purchases

MAFF allows flour millers to import wheat outside of MAFF's control as long as they export an equivalent amount of wheat flour. Flour millers that successfully find export markets can import this so-called "free wheat" at global market prices.

4) Feed Wheat: SBS Imports

MAFF also imports wheat and barley for feed use under the SBS system. Reflecting weaker demand than the previous year, MAFF reduced the JFY2014 allocation for SBS feed wheat to 900,000 MT, from 1,070,000 MT in JFY2013. As of March 4, 2015, forty-two SBS tenders had been conducted, through which 348,200 MT of wheat was contracted. Total feed wheat imported in JFY2014 is expected to be

approximately half the level of JFY2013. As shown in Table 16 and Chart 9 below, imports of feed wheat significantly decreased in MY2013/14 from MY2012/13 as corn prices normalized. For MY2014/15, assuming the corn price continues to be competitive, imports of feed wheat are expected to fall below the MY2011/12 level, to around 400,000 MT.

As a result of the Japan-Australia Economic Partnership Agreement, effective January 15, 2015, imports of Australian feed wheat and feed barley have been liberalized so that companies can negotiate prices and import directly from Australia. As imports have not yet started under this new system, it is too early to assess the impact that this will have. However, considering that a similar amount of paper work to the SBS process, plus feed factory registration, is required for this new system, and the mark-up MAFF collects for feed wheat and feed barley is set at a minimum level – just enough to cover handling costs - how much the new system will benefit the feed industry is unknown.

Table 16: SBS Imports of Feed Wheat (Unit: MT)

	JFY2012	JFY2013	JFY2014
MAFF allocation	1,210,000	1,070,000	900,000
Volume contracted	826,560	711,690	348,200*

Source: MAFF
 *April 2014 – February 2015

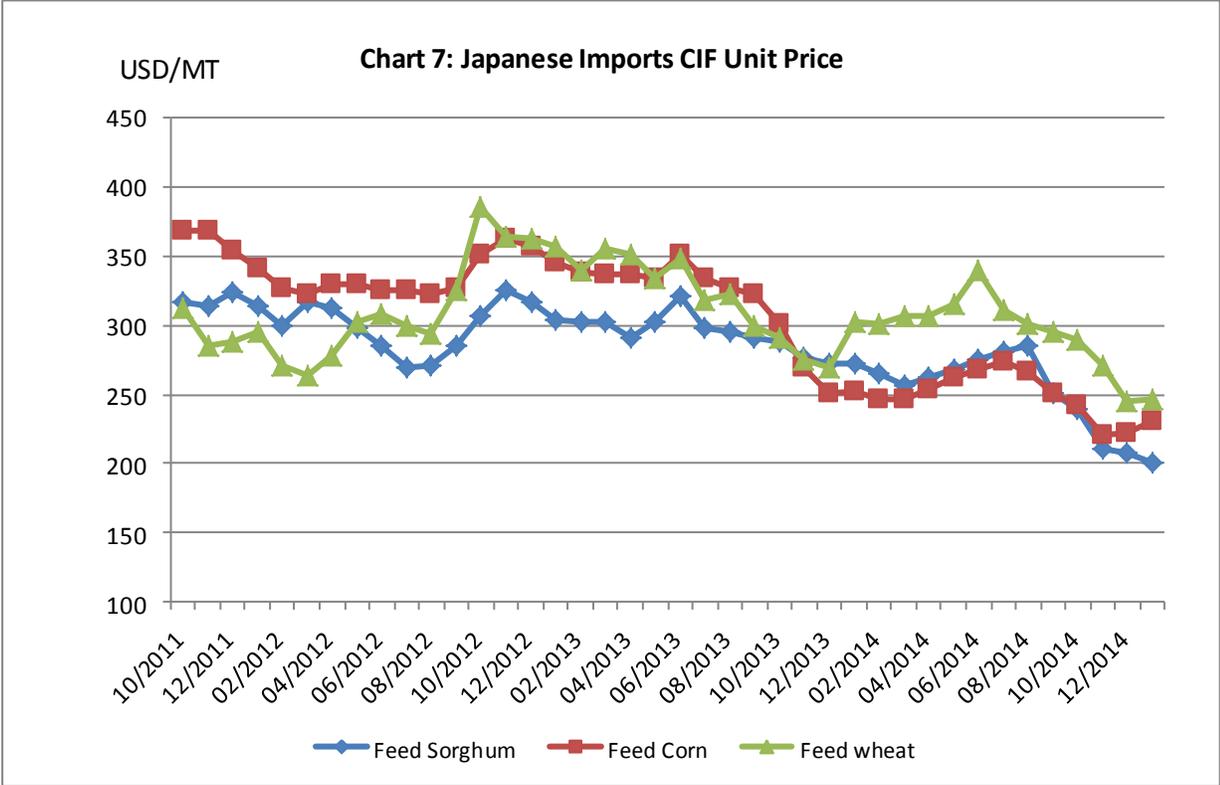


Table 17-1: Feed Wheat Imports (annual series)

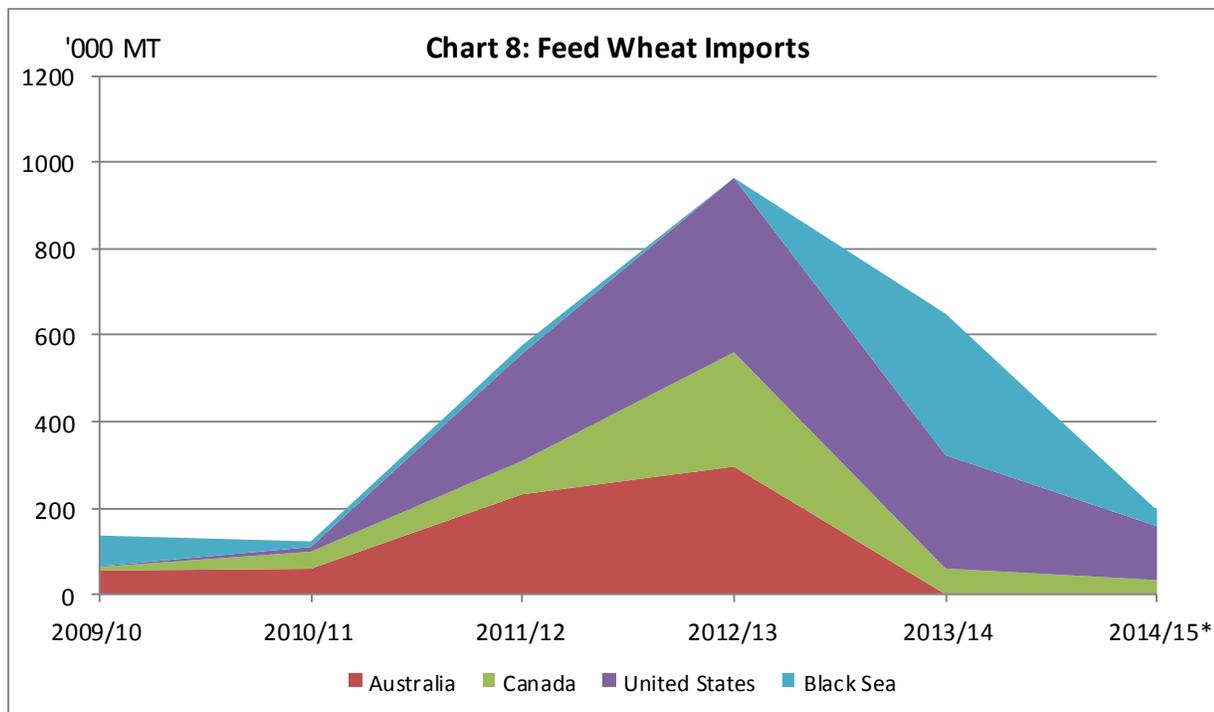
MY: July - June							
Partner Country	Unit	Quantity					% Change MY2014 /MY2013
		2009/10	2010/11	2011/12	2012/13	2013/14	
World	MT	136149	122609	577336	964696	650155	-32.61
Australia	MT	55129	59277	231759	295763	0	-100.00
Russia	MT	42059	0	19289	0	2608	-
Ukraine	MT	29269	12951	0	0	267740	-
Canada	MT	8206	39494	77674	264815	59789	-77.42
United States	MT	1486	10887	248614	404118	262364	-35.08
Serbia	MT	0	0	0	0	10893	-
Romania	MT	0	0	0	0	46761	-

Source: Japan Ministry of Finance

Table 17-2: Feed Wheat Imports (MY2014/15 to Date)

Monthly Series: 07/2014 - 01/2015									
Partner Country	Unit	Quantity							Total
		07/2014	08/2014	09/2014	10/2014	11/2014	12/2014	01/2015	
World	MT	50236	21512	27884	39923	35486	6930	12527	194498
United States	MT	50236	21512	27884	14011	0	0	10975	124618
Canada	MT	0	0	0	17949	13490	0	1552	32991
Moldova	MT	0	0	0	0	2792	4330	0	7122
Romania	MT	0	0	0	7963	19204	1293	0	28460
Russia	MT	0	0	0	0	0	1307	0	1307

Source: Japan Ministry of Finance



*Year to Date (July – January)

Total imports of wheat, including wheat products, in MY2013/14 decreased by 7.2 percent to 6.1 million MT (see Table 18-3). The decrease is primarily owing to a significant drop in feed wheat imports (see Table 16 and Chart 9) as corn imports normalized. Given the flat aggregate demand for flour-based food products and an expected decrease in imports of feed wheat, total (feed and food) wheat imports in MY2014/15 are expected to decline slightly, to 5.8 million MT in MY2014/15. Assuming steady demand for food wheat and wheat products, total wheat imports in MY2015/16 are forecast to remain unchanged from MY2014/15.

Table 18-1: Japan's Wheat Imports (annual series)

Partner Country	Unit	MY: July - June						% Change MY2014 /MY2013
		Quantity			% Share			
		2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	
World	MT	6116209	6343374	5880596	100.00	100.00	100.00	- 7.30
United States	MT	3545674	3429955	2935006	57.97	54.07	49.91	- 14.43
Canada	MT	1350656	1666426	1692096	22.08	26.27	28.77	1.54
Australia	MT	1197624	1241188	918917	19.58	19.57	15.63	- 25.96
Other		22255	5805	334577	0	0	0	56.64

Source: Japan Ministry of Finance

Table 18-1b: Japan's Wheat Imports (MY2013/14 imports to date)

Monthly Series: 07/2014 - 01/2015									
Partner Country	Unit	Quantity							
		07/2014	08/2014	09/2014	10/2014	11/2014	12/2014	01/2015	Total
World	MT	526448	527837	527453	442058	458900	312542	409235	3204473
United States	MT	272283	166003	322987	270914	252528	129646	273053	1687414
Australia	MT	47984	127917	98487	56778	77521	42438	92633	543758
Canada	MT	206118	232988	104469	106403	106835	132903	42556	932272
Other	MT	63	929	1510	7963	22016	7555	993	41029

Source: Japan Ministry of Finance

Table 18-2: Japan's Wheat Product Imports (annual series)

MY: July - June								
Partner Country	Unit	Quantity			% Share			% Change MY2014/ MY2013
		2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	
World	MT	173896	185943	176921	100.00	100.00	100.00	- 4.85
Italy	MT	82955	92540	82461	47.70	49.77	46.61	- 10.89
Turkey	MT	19587	27305	27888	11.26	14.68	15.76	2.14
United States	MT	22504	21873	23550	12.94	11.76	13.31	7.66
China	MT	18943	18297	17591	10.89	9.84	9.94	- 3.86
Korea South	MT	10859	8687	7029	6.24	4.67	3.97	- 19.08
Thailand	MT	6986	6137	5855	4.02	3.30	3.31	- 4.61
Greece	MT	3082	3124	3481	1.77	1.68	1.97	11.44
United Arab Emirates	MT	2622	1984	2196	1.51	1.07	1.24	10.66
Vietnam	MT	1469	1786	1939	0.84	0.96	1.10	8.53
Tunisia	MT	1725	976	1483	0.99	0.53	0.84	51.91
Other	MT	3163	3234	3447	0	0	0	0.066

Source: Japan Ministry of Finance

Table 18-3: Japan's Wheat Product Imports (MY2013/14 imports to date)

Monthly Series: 07/2014 - 01/2015									
Partner Country	Unit	Quantity							
		07/2014	08/2014	09/2014	10/2014	11/2014	12/2014	01/2015	Total
World	MT	15270	14381	14696	12441	12395	13775	14128	97086
Italy	MT	6265	6140	7427	5592	6607	6846	5059	43936
Turkey	MT	3213	3477	1815	1854	1288	2125	3243	17015
United States	MT	1932	1240	1648	1549	1381	1690	2249	11689
China	MT	1541	1548	1439	1429	1368	1441	1580	10346
Thailand	MT	518	538	535	592	436	496	564	3679
Korea South	MT	453	331	392	517	444	536	428	3101
United Arab Emirates	MT	80	376	574	200	39	60	232	1561
Greece	MT	415	166	171	144	313	85	231	1525
Other	MT	852	566	694	566	518	493	542	4231

Source: Japan Ministry of Finance

Table 18-4: Japan's Total Wheat Imports (Unit: MT)

		Wheat Product a	Wheat Equivalent b = a x 1.368	Wheat c	TOTAL b + c
World	MY2013/14	176,921	242,028	5,880,596	6,122,624
	*MY2013/14 to Date	97,086	132,814	3,204,473	3,337,287
United States	MY2013/14	23,550	32,216	2,935,006	2,967,222
	*MY2013/14 to Date	11,689	15,991	1,687,414	1,703,405

*July 2014 – January 2015

Stocks

In the past, Japan held emergency stocks of wheat at a level equivalent to 2.6 months' worth of the amount of food wheat imported annually. However, due to the shortened time necessary to obtain alternative supplies in case of an emergency, the stocks have been reduced to 2.3 months' worth. For JFY2014, the government set the target for stocks at 940,000 MT. Given flat consumption of food wheat, the same amount of government's stocks is expected for JFY2015.

CORN

PS&D

<i>Corn</i> <i>Market Begin Year</i> <i>Japan</i>	2013/2014		2014/2015		2015/2016	
	Oct 2013		Oct 2014		Oct 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1	1	1	1	0	1
Beginning Stocks	523	523	545	492	0	493
Production	1	1	1	1	0	1
MY Imports	15,121	15,118	15,400	15,400	0	15,200
TY Imports	15,121	15,118	15,400	15,400	0	15,200
TY Imp. from U.S.	12,337	11,016	0	0	0	0
Total Supply	15,645	15,642	15,946	15,893	0	15,694
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	10,600	10,000	10,900	10,200	0	10,200
FSI Consumption	4,500	5,150	4,500	5,200	0	5,000
Total Consumption	15,100	15,150	15,400	15,400	0	15,200
Ending Stocks	545	492	546	493	0	694
Total Distribution	15,645	15,642	15,946	15,893	0	15,894
Yield	1.0000	1.0000	1.0000	1.0000	0.0000	1.0000
TS=TD	0	0	0	0	0	200

Production

Corn production is negligible in Japan.

Japan's Livestock Population in Gradual Decline

Of the total demand for corn in Japan, roughly 70 percent comes from the feed sector, and 30 percent comes from the food sector, mainly from starch manufacturers. Despite the decline in utilization over recent years, corn continues to be the largest ingredient in compound feed. Of the total demand for feed corn, about 44 percent is for the poultry sector. As shown in the table below, the stagnant trend in the livestock population is expected to continue, leading to a corresponding decline in feed demand in the years to come.

Table 19: Japan's Livestock and Poultry Population (As of February each year, Unit: 1,000 heads)

	2000	2010	2011	2012	2013	2014	***2015
Dairy cows	1,764	1,484	1,467	1,449	1,423	1,395	1,380
Beef cattle	2,824	2,892	2,763	2,723	2,642	2,567	2,515
Swine	9,806	9,750	9,768	9,735	9,685	9,537	9,520
Layers*	140,365	139,200	137,352	135,477	135,000	133,506	133,500
Broilers	108,410	NA	NA	NA	**131,600	135,747	135,750

*Layers do not include chicks on feed

**MAFF resumed its official survey in 2013. However, the results cannot be compared to the previous survey due to changes in survey method.

**FAS/Tokyo forecast

Lower Price Leads to Increased Corn Utilization

The feed ingredient ratio is adjusted from year to year, depending on the price of various grains. As shown in Table 1, the corn utilization ratio of about 50 percent, pre-2008 price surge, was gradually lowered to 43 percent in JFY2012 and JFY2013. Given that total feed production in Japan is approximately 24 million MT, a decline of 7 percent in utilization translates to a 1.68 million MT reduction per year in corn demand. As the price for the 2013 new crop of U.S. corn declined, feed millers raised the utilization ratio of corn to 45 percent in MY2013/14. If corn continues to be price competitively compared to other feed ingredients in MY2014/15, a further increase in feed demand is expected. However, as mentioned in the Wheat section, Japanese feed millers have become more flexible in adjusting the composition of feed ingredients and are willing to use the most price competitive ingredients. In addition, there is a concerted effort by MAFF to increase the use of feed quality rice. Therefore, the utilization of corn in MY2014/15 is expected to increase marginally. For MY2015/16, although livestock numbers are expected to decline, leading to a slight decrease in national feed production, and rice use in feed is expected to increase, Post estimates corn utilization in feed will remain unchanged from MY2014/15 as long as the price of corn is attractive than other ingredients.

The driving force in food corn demand comes from the beverage sector, particularly for high fructose corn syrup (HFCS) used in low alcoholic drinks like *happoshu* (light beer) and soft drinks. HFCS production reached a record high in Marketing Year (MY) 2012/13 (October – September) but declined 1.7 percent in MY 2013/14, while demand for corn to manufacture chemically modified starch was strong due to its price competitiveness over other imported starches. Thus the overall demand for food corn increased in MY2013/14. For MY2014/15, MAFF forecasts demand for HFCS will decline 1.1 percent from the previous year, but demand for chemically modified starch will increase 5.6 percent. Accordingly, Post forecasts a slight increase in demand for food corn for MY2014/15, and a slight decrease in MY2015/16 as demand for chemically modified starch normalizes. Post forecasts total corn consumption for MY2014/15 will increase slightly, to 15.4 million MT, but will decrease for the aforementioned reasons in MY2015/16 to 15.2 million MT.

Prices

The CIF price of U.S. corn during MY2013/14 fell 27.7 percent over MY2012/13. The 2015 new crop is currently marketed at prices lower than MY2014, as shown in Table 20 below.

MY: October - September					
Partner Country	Unit	Unit Value(United States Dollars)			% Change
		2011/12	2012/13	2013/14	MY2014 /MY2013
World	MT	337.31	341.97	261.91	- 23.41
United States	MT	340.42	366.39	264.83	- 27.72
Brazil	MT	350.87	333.71	261.13	- 21.75
Ukraine	MT	309.42	312.06	234.78	- 24.76
Argentina	MT	333.77	323.79	304.97	- 5.81
South Africa	MT	369.41	322.48	285.46	- 11.48
Romania	MT	314.29	0	227.37	0.00
Russia	MT	0	0	285.35	0.00
France	MT	0	363.64	381.41	4.89
India	MT	0	323.19	268.24	- 17.00
Paraguay	MT	0	0	239.11	0.00

Source: Japan Ministry of Finance

Table 20-2: CIF Price of Feed Corn in Recent Months

Japan Import Statistics					
Commodity: Grain: Corn for Feed,					
Monthly Series: 10/2014 - 01/2015					
Partner Country	Unit	Unit Value (United States Dollars)			
		10/2014	11/2014	12/2014	01/2015
World	MT	242.03	220.11	222.7	230.06
United States	MT	242.88	218.55	222.27	232.48
Ukraine	MT	0	0	226.79	228.72
Brazil	MT	225.25	218.66	223.01	227.06
South Africa	MT	221.71	232.17	224.07	226.66
Argentina	MT	308.67	270.86	278.77	226.42
Romania	MT	0	212.03	214.63	217.83

Source: Japan Ministry of Finance

Trade

Although the price of feed corn in MY2013/14 declined 23 percent over MY2012/13, Japanese feed corn imports in MY2013/14 decreased further from MY2012/13. Feed corn imports from the United States showed a significant recovery, up 88 percent in MY2013/14 from the previous year, but were still far from the pre-2012 drought level, when U.S. corn accounted for over 90 percent of Japanese feed corn imports. Since MY 2011/12, imports from Brazil, Argentina, South Africa and the Ukraine have notably increased. Post expects that, due to a marginal increase in utilization of corn in feed and an increase in demand for food corn in MY2014/15, total corn imports will increase slightly, to 15.4 million MT. For MY2015/16, feed corn demand is expected to remain unchanged but food corn demand is expected to

decrease, total corn imports are forecast to decrease slightly, to 15.2 million MT.

Table 21-1: Feed Corn Imports (Annual)

MY: October - September								
Partner Country	Unit	Quantity			% Share			% Change MY2014 /MY2013
		2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	
World	MT	10677607	10142727	9970982	100.00	100.00	100.00	- 1.69
United States	MT	8035925	3437660	6455367	75.26	33.89	64.74	87.78
Brazil	MT	768443	4223464	1907778	7.20	41.64	19.13	- 54.83
Ukraine	MT	911658	349626	1087909	8.54	3.45	10.91	211.16
Argentina	MT	575346	1637493	287329	5.39	16.14	2.88	- 82.45
South Africa	MT	10276	474674	125530	0.10	4.68	1.26	- 73.55
Romania	MT	147837	0	97704	1.38	0.00	0.98	0.00
Russia	MT	0	0	8923	0.00	0.00	0.09	0.00
India	MT	0	168	189	0.00	0.00	0.00	12.50
France	MT	0	8012	142	0.00	0.08	0.00	- 98.23
Paraguay	MT	0	0	111	0.00	0.00	0.00	0.00
Hungary	MT	70800	0	0	0.66	0.00	0.00	0.00
Australia	MT	7411	1523	0	0.07	0.02	0.00	- 100.00
Bulgaria	MT	38235	0	0	0.36	0.00	0.00	0.00
Serbia	MT	103579	0	0	0.97	0.00	0.00	0.00
Slovakia	MT	8097	0	0	0.08	0.00	0.00	0.00
Thailand	MT	0	10107	0	0.00	0.10	0.00	- 100.00

Source: Japan Ministry of Finance

Table 21-2: Feed Corn Imports (Monthly)

Partner Country	Unit	Quantity					*Change
		10/2014	11/2014	12/2014	01/2015	Total	
World	MT	807133	772702	895480	774718	3250033	-11.0%
United States	MT	750571	623319	542559	418517	2334966	100.6%
Brazil	MT	39317	85773	279872	260050	665012	-55.7%
Ukraine	MT	0	0	31553	71608	103161	-80.6%
Argentina	MT	4318	11138	500	9555	25511	-90.5%
South Africa	MT	12927	47434	33453	9000	102814	16.3%
Romania	MT	0	5038	7543	5988	18569	-81.0%

Source: Japan Ministry of Finance

*Change from the same period previous year

Table 22-1: Food Corn Imports (Annual)

MY: October - September								
Partner Country	Unit	Quantity			% Share			% Change MY2014 /MY2013
		2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	
World	MT	4207862	4266864	5147313	100.00	100.00	100.00	20.63
United States	MT	4043347	3494718	4560599	96.09	81.90	88.60	30.50
Brazil	MT	74915	397626	287462	1.78	9.32	5.58	- 27.71
Ukraine	MT	49095	1900	131838	1.17	0.04	2.56	6838.84
South Africa	MT	0	142892	46340	0.00	3.35	0.90	- 67.57
Russia	MT	0	0	40832	0.00	0.00	0.79	0.00
Australia	MT	15790	29001	35087	0.38	0.68	0.68	20.99
France	MT	82	72612	21130	0.00	1.70	0.41	- 70.90
Argentina	MT	10750	118991	13821	0.26	2.79	0.27	- 88.38
India	MT	4363	4315	5486	0.10	0.10	0.11	27.14
Other	MT	9520	4809	4718	0	0	0	-0.02

Source: Japan Ministry of Finance

Table 22-2: Food Corn Imports (Monthly)

Partner Country	Unit	Quantity					*Change
		10/2014	11/2014	12/2014	01/2015	Total	
World	MT	416547	443843	366568	434679	1661637	15.3%
United States	MT	372785	430722	339047	373887	1516441	47.3%
Brazil	MT	20003	0	15931	48213	84147	-60.0%
Ukraine	MT	0	0	0	11500	11500	-88.7%
India	MT	336	154	135	671	1296	-43.8%
Peru	MT	4	201	173	224	602	5.1%
Indonesia	MT	213	340	362	127	1042	227.7%
South Africa	MT	16171	12354	0	26	28551	4.7%
Argentina	MT	7000	41	10881	21	17943	29.8%
Other	MT	35	31	39	10	115	-99.8%

Source: Japan Ministry of Finance

*Change from the same period previous year

Table 23-1: Corn Imports Total (Annual)

MY: October - September								
Partner Country	Unit	Quantity			% Share			% Change MY2014 /MY2013
		2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	
World	MT	14885469	14409591	15118295	100.00	100.00	100.00	4.92
United States	MT	12079272	6932378	11015966	81.15	48.11	72.87	58.91
Brazil	MT	843358	4621090	2195240	5.67	32.07	14.52	- 52.50
Ukraine	MT	960753	351526	1219747	6.45	2.44	8.07	246.99
Argentina	MT	586096	1756484	301150	3.94	12.19	1.99	- 82.85
South Africa	MT	10276	617566	171870	0.07	4.29	1.14	- 72.17
Romania	MT	147837	0	98405	0.99	0.00	0.65	0.00
Russia	MT	0	0	49755	0.00	0.00	0.33	0.00
Australia	MT	23201	30524	35087	0.16	0.21	0.23	14.95
France	MT	82	80624	21272	0.00	0.56	0.14	- 73.62
India	MT	4363	4483	5675	0.03	0.03	0.04	26.59
Other	MT	230231	14916	4128	0	0	0	-0.72

Source: Japan Ministry of Finance

Table 23-1: Corn Imports Total (Monthly)

Partner Country	Unit	Quantity					*Change
		10/2014	11/2014	12/2014	01/2015	Total	
World	MT	1223680	1216545	1262048	1209397	4911670	-3.6%
United States	MT	1123356	1054041	881606	792404	3851407	75.6%
Brazil	MT	59320	85773	295803	308263	749159	-56.2%
Ukraine	MT	0	0	31553	83108	114661	-81.9%
Argentina	MT	11318	11179	11381	9576	43454	-84.6%
South Africa	MT	29098	59788	33453	9026	131365	13.6%
Romania	MT	0	5038	7543	5988	18569	-81.1%
Other	MT	588	726	709	1032	3055	-94.8%

Source: Japan Ministry of Finance

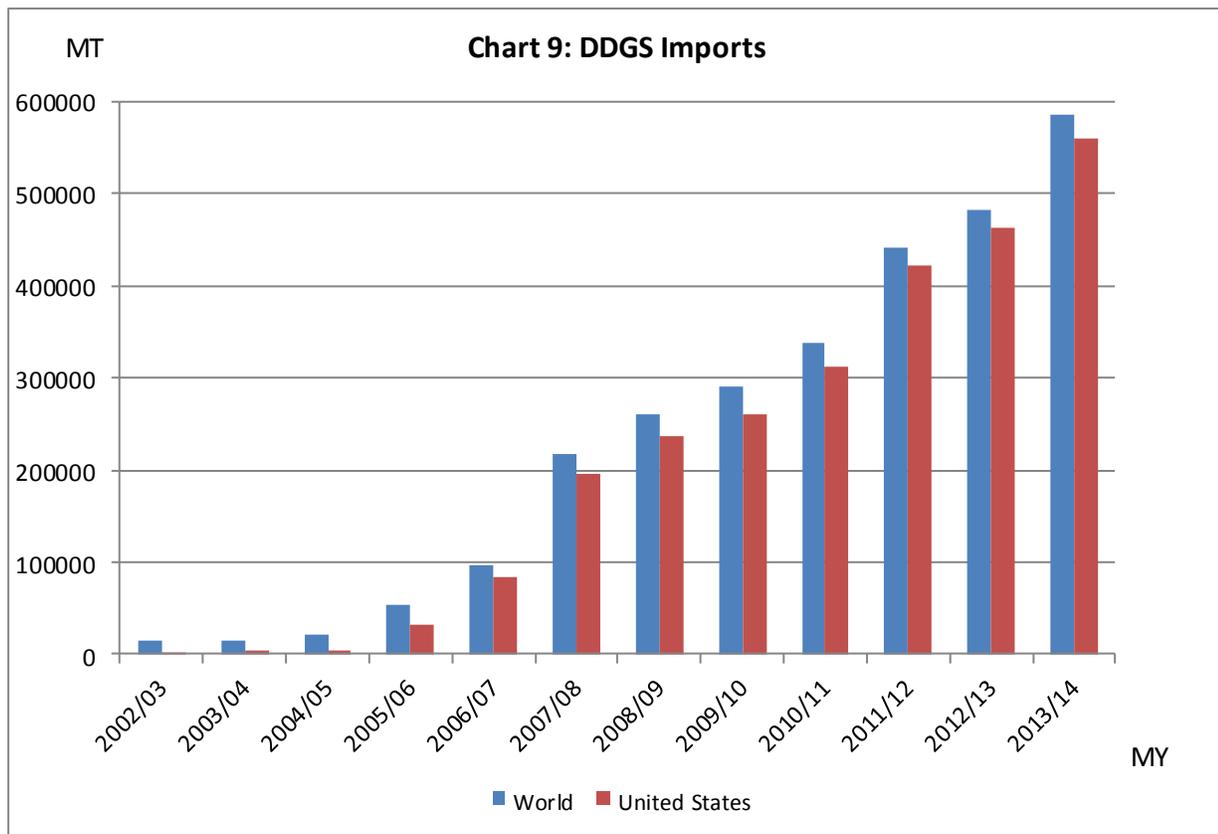
*Change from the same period previous year

Stocks

Japan holds emergency stocks of essential feed grains, i.e. corn and sorghum. The stock level is set at 1.25 million MT (600,000 MT held by the government and 650,000 MT held by the private sector) for JFY 2014 and JFY 2015. According to MAFF, the majority of these stocks are corn.

DDGS Imports Leap to a Record High Level

One of the positive side-effects of the ethanol boom in the United States is the increasing availability of a high value byproduct, Distiller's Dried Grains with Solubles (DDGS). Japan's imports of DDGS from the United States have been increasing significantly and surged further in MY2013/14, because the price was reasonable for its nutrient value in comparison to other feed ingredients such as corn and soy meal. Nearly 60 percent of these DDGS are used in layer feed. Although its utilization is still contingent upon the price of other feed grains, its demand remains unchanged in MY2014/15, with imports keeping up with the pace of the previous year.



MY:

October - September

Production

Like corn, production of sorghum is negligible in Japan.

Consumption

As sorghum is a substitute for corn, its utilization ratio in the production of compound and mixed feed fluctuates. Depending on its price relative to corn and other ingredients, the ratio is typically between 4 and 7 percent, or between 1.1 and 1.7 MMT, as shown in Table 1. In MY2013/14, as the price of feed sorghum was higher than that of feed corn, utilization of sorghum in feed decreased to approximately four percent, from around 7 percent in MY2012/13. This translates to a decrease in volume of roughly 700,000 MT. Assuming that the price of sorghum will continue to be at a disadvantage compared to corn, the utilization ratio of sorghum in feed is expected to stabilize at current levels. Therefore, Post forecasts MY2014/15 and MY2015/16 consumption to remain at approximately one million MT.

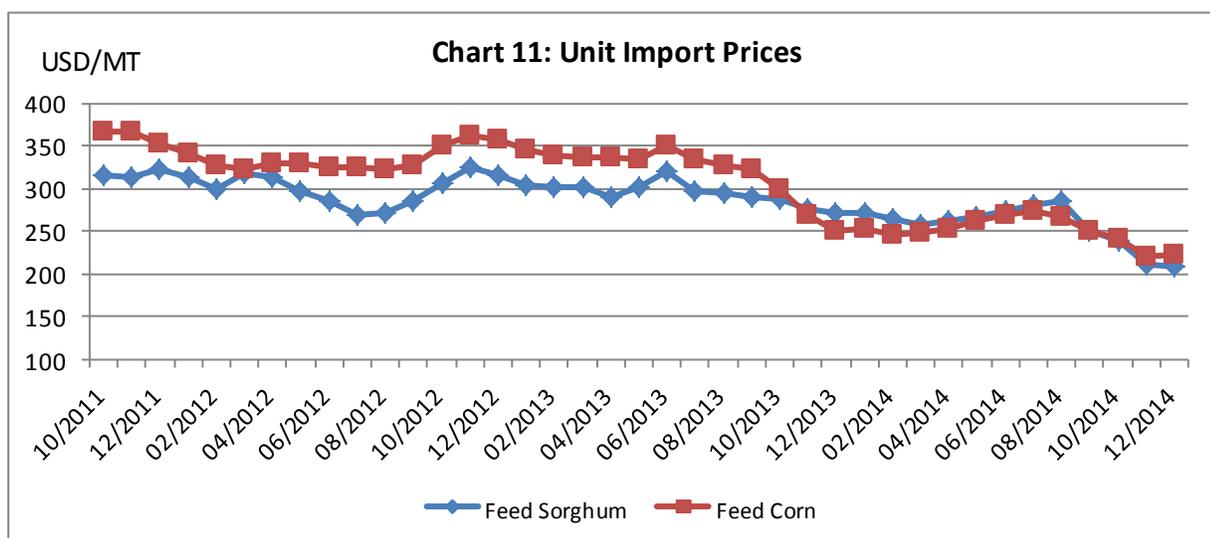
Prices

CIF prices for feed sorghum declined significantly in MY2013/14, and the U.S. price, in particular, fell 20 percent. Due to a supply shortage, the Australian price rose, surpassing the price of U.S. sorghum.

Table 24: CIF Price of Feed Sorghum

MY: October - September					
Partner Country	Unit	Unit Value(United States Dollars)			% Change MY2014 /MY2013
		2011/12	2012/13	2013/14	
World	MT	300.37	304	272.58	- 10.34
Argentina	MT	278.59	283.09	263.85	- 6.80
United States	MT	340.43	354.16	282.03	- 20.37
Australia	MT	307.94	327.51	334.77	2.22

Source of Data: Japan Ministry of Finance



Trade

Since sorghum is mainly a substitute crop, potential growth in Japan's sorghum imports largely depends on its price relative to corn and other feed ingredients. Imports are classified as being either for feed or food. However, despite this technicality, practically all of the sorghum imported under the food HS code eventually ends up in the feed sector. As the price competitiveness of corn against sorghum improved, feed sorghum imports in MY2013/14 halved from the previous year. Assuming corn prices remain attractive, Post forecasts that Japan will import one million MT of sorghum in both MY2014/15 and MY 2015/16.

Table 25-1: Sorghum Imports Total (Annual)

MY: October - September								
Partner Country	Unit	Quantity			% Share			% Change MY2014 /MY2013
		2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	
World	MT	1479461	1896304	1003116	100.00	100.00	100.00	- 47.10
Argentina	MT	506336	1083819	643859	34.22	57.15	64.19	- 40.59
United States	MT	118045	177944	330364	7.98	9.38	32.93	85.66
Australia	MT	854712	633140	26876	57.77	33.39	2.68	- 95.76
India	MT	226	1025	1147	0.02	0.05	0.11	11.90
Thailand	MT	0	286	792	0.00	0.02	0.08	176.92
China	MT	136	88	68	0.01	0.00	0.01	- 22.73
Belgium	MT	6	2	10	0.00	0.00	0.00	400.00

Source: Japan Ministry of Finance

Table 25-2: Sorghum Imports Total (Monthly)

Partner Country	Unit	Quantity					*Change
		10/2014	11/2014	12/2014	01/2015	Total	
World	MT	88355	58567	117557	102995	367474	-28.3%
Argentina	MT	77675	47437	92472	99501	317085	-9.0%
United States	MT	10528	10933	24930	3236	49627	-63.7%
India	MT	87	109	44	155	395	-6.0%
Australia	MT	21	44	89	42	196	-99.3%
Other	MT	44	44	22	61	171	80.0%

Source: Japan Ministry of Finance

*Change from the same period previous year

Stocks

Following the GOJ's 2003 policy of reducing overall feed grain stocks, sorghum stocks have shrunk significantly. Post estimates the current government and commercial stocks will remain constant at less than 100,000 MT.

BARLEY

PS&D

<i>Barley</i>	2013/2014		2014/2015		2015/2016	
	Oct 2013		Oct 2014		Oct 2015	
<i>Market Begin Year</i>	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<i>Japan</i>						
Area Harvested	59	59	60	60	0	60
Beginning Stocks	367	367	343	393	0	413
Production	182	182	170	170	0	170
MY Imports	1,294	1,294	1,300	1,300	0	1,300
TY Imports	1,294	1,294	1,300	1,300	0	1,300
TY Imp. from U.S.	165	183	0	0	0	0
Total Supply	1,843	1,843	1,813	1,863	0	1,883
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1,200	1,100	1,200	1,100	0	1,100
FSI Consumption	300	350	300	350	0	350
Total Consumption	1,500	1,450	1,500	1,450	0	1,450
Ending Stocks	343	393	313	413	0	433
Total Distribution	1,843	1,843	1,813	1,863	0	1,883
Yield	3.0847	3.0847	2.8333	2.8333	0.0000	2.8333
TS=TD	0	0	0	0	0	0

Production

Aggregate barley production in Japan in 2014 decreased 7.3 percent from 2013, to 169,500 MT. Planted area for both two-row and six-row barley increased marginally. However, the production volume decreased by 7.0 percent and 9.0 percent respectively from the previous year's level, as rain during harvest in some of the major growing areas resulted in lower yield. Naked barley production increased slightly over the previous year, as a 5.0 percent increase in planted area overcame a 4.0 percent decrease in yield due to rain at germination and cold temperatures during the growing season. For 2015, Post forecasts that crop area will remain at the 2014 level. Assuming average yield, 2015 production volume is expected to remain flat, at 170,000 MT.

Table 26: Japan's Barley Production

Type of Barley	Production	2010	2011	2012	2013	*2014	**2015
Two-Row	Crop Area (hectares)	36,6	37,6	38,3	37,5	37,600	37,5

Barley		00	00	00	00		20
	Production Volume (MT)	104,300	119,100	112,400	116,600	107,900	111,900
	Yield (MT/hectare)	2.85	3.17	2.93	3.11	2.86	2.98
Six-Row Barley	Crop Area (hectares)	17,400	17,400	17,100	16,900	17,300	17,220
	Production Volume (MT)	44,800	38,700	47,800	51,500	46,800	46,000
	Yield (MT/hectare)	2.57	2.22	2.80	3.05	2.71	2.67
Naked Barley	Crop Area (hectares)	4,720	5,130	4,970	5,010	5,250	5,010
	Production Volume (MT)	11,800	13,700	12,200	14,700	14,800	13,400
	Yield (MT/hectare)	2.50	2.67	2.45	2.93	2.82	2.68
Barley Total	Crop Area (hectares)	58,720	60,130	60,370	59,410	60,150	60,000
	Production Volume (MT)	160,900	171,500	172,400	182,800	169,500	170,000

Source: MAFF

*Preliminary

**FAS/Tokyo forecast

Consumption

Aggregate consumption of barley (feed and food) is estimated to be stable, at approximately 1.5 million MT. Roughly 80 percent of barley is consumed in the feed sector, especially compound and mixed feed for the cattle industry (beef and dairy). It is particularly important in feeding beef cattle, because it contributes to the production of high quality beef with the white marbling that Japanese consumers favor. The largest non-feed uses are for the production of *shochu*, a traditional distilled liquor, and beer. Other uses include *miso* (soybean paste) and barley tea. There is little indication that either feed or food demand will increase in the near future. In the long term, some decline in feed demand is expected as Japan's cattle population, dairy in particular, shrinks.

Prices

Along with the prices of other major feed grains, barley prices also declined in MY2013/14. The price of U.S. barley dropped significantly, becoming price-competitive against competitors.

Table 27: CIF Price of Barley for Feed

MY: October - September					
Partner Country	Unit	Unit Value(United States Dollars)			% Change
		2011/12	2012/13	2013/14	2014/2013
World	MT	300.95	326.12	276.79	- 15.12
Australia	MT	298.39	325.7	278.71	- 14.43
Canada	MT	308.45	326.09	271.05	- 16.88
United States	MT	342.48	338.74	273.3	- 19.32
Russia	MT	310.84	0	291.51	0.00
Ukraine	MT	0	299.8	300.58	0.26

Source: Japan Ministry of Finance

Trade

Along with rice and wheat, barley imports are controlled by MAFF as a “Staple Food.” MAFF has been hesitant to remove barley from the state trading system entirely, because it is a strategic alternative crop under the rice crop diversion program.

MAFF introduced the SBS system for barley for feed in JFY 1999, with approximately 360,000 MT contracted under three tenders. The allocation amount has been greatly raised since then, and was set at 1.28 million MT for JFY 2014, which ends in March 2015. Bidding is held almost weekly, to allow for more commercially viable trade. As of March 4, 2015, forty-two tenders had been held in JFY2014, through which 909,977 MT were contracted as summarized below.

As mentioned in the Wheat section, as a result of the implementation of the Japan-Australia Economic Partnership Agreement on January 15, 2015, imports of Australian feed wheat and feed barley have been liberalized so that companies can now import directly without utilizing the SBS system.

Table 28: SBS Imports of Feed Barley (Unit: MT)

	JFY2012	JFY2013	JFY2014
MAFF allocation	1,288,000	1,288,000	1,288,000
Volume contracted	1,051,630	995,805	909,977*

Source: MAFF

*April 2014- March 4, 2015

Table 29: Feed Barley Imports

MY: October-September								
Partner Country	Unit	Quantity			% Share			% Change MY2014 MY/2013
		2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	
World	MT	1045071	1122019	1052245	100.00	100.00	100.00	- 6.22
Australia	MT	795689	599259	537944	76.14	53.41	51.12	- 10.23
Canada	MT	224433	439971	275057	21.48	39.21	26.14	- 37.48

United States	MT	3215	62584	177671	0.31	5.58	16.88	183.89
Russia	MT	21734	0	32300	2.08	0.00	3.07	0.00
Ukraine	MT	0	20205	29273	0.00	1.80	2.78	44.88

Source: Japan Ministry of Finance

Approximately 207,000 MT of food barley was imported in JFY 2013: 70 percent from Australia for *shochu* and beer; and 28 percent from Canada for beer and barley tea. Imports from the United States are used primarily for beer. As of March 4, 2015, MAFF has held twelve tenders in JFY 2014, contracting for approximately 195,000 MT.

As with wheat, the SBS system for food barley has two categories: Category I is for vessel trade, under which most barley is imported; Category II is for container units, which provides a means for new varieties to enter the market.

Total imports from the United States peaked in 2008, at nearly 500,000 MT, but plummeted with the resurgence of Australia as the leading supplier due to its price competitiveness and proximity to Japan's major barley importing port in Kyushu. In MY2013/14, as the price competitiveness of U.S. barley improved, U.S. feed barley exports almost tripled from the previous year, taking import market share from Australia and Canada. Given that overall barley consumption, as well as Japan's domestic barley production, is expected to remain flat, imports in MY2014/15 and MY2015/16 are forecast to remain at 1.3 million MT.

Table 30: SBS Imports of Food Barley - JFY2013 and JFY2015 (April 2013-March 205, Unit: MT)

Country	Category	Apr-Sept	Oct-13	JFY2013	Apr-Sept	Oct-14	JFY2014*
		2013	~ Mar 2014	Total	2014	~ Mar 2015*	Total
Australia	Category I	50,330	85,084	135,414	75,000	44,420	119,420
	Category II	7,020	3,000	10,020	2,000	2,000	4,000
	Australia Total	57,350	88,084	145,434	77,000	46,420	123,420
Canada	Category I	25,568	31,000	56,568	32,900	29,710	62,610

	Category II	522	1,112	1,634	2,210	1,050	3,260
	Canada Total	26,090	32,112	58,202	35,110	30,760	65,870
USA	Category I	0	0	0	0	0	0
	Category II	925	2,303	3,228	3,115	2,103	5,218
	USA Total	925	2303	3,228	3115	2103	5,218
Other	Category I	0	0	0	0	0	0
	Category II	0	0	0	0	0	0
Total		84,365	122,499	206,864	115,225	79,283	194,508

Source: MAFF

*As of March 4, 2015

Table 31: Food Barley Imports

MT: October - September								
Partner Country	Unit	Quantity			% Share			% Change MY2014 /MY2013
		2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	
World	MT	211768	232317	242085	100.00	100.00	100.00	4.20
Australia	MT	163724	173668	167992	77.31	74.75	69.39	- 3.27
Canada	MT	46270	56513	68595	21.85	24.33	28.34	21.38
United States	MT	1774	2133	5491	0.84	0.92	2.27	157.43
United Kingdom	MT	0	3	5	0.00	0.00	0.00	66.67
China	MT	0	0	2	0.00	0.00	0.00	0.00
Czech Republic	MT	0	0	0	0.00	0.00	0.00	0.00

Source: Japan Ministry of Finance

Table 32F: Barley Imports Total

MT: October - September								
Partner Country	Unit	Quantity			% Share			% Change MY2014 /MY2013
		2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	
World	MT	1257042	1354336	1294330	100.00	100.00	100.00	- 4.43
Australia	MT	959413	772927	705936	76.32	57.07	54.54	- 8.67
Canada	MT	270763	496484	343652	21.54	36.66	26.55	- 30.78
United States	MT	5026	64717	183162	0.40	4.78	14.15	183.02

Russia	MT	21734	0	32300	1.73	0.00	2.50	0.00
Ukraine	MT	0	20205	29273	0.00	1.49	2.26	44.88
United Kingdom	MT	0	3	5	0.00	0.00	0.00	66.67
China	MT	0	0	2	0.00	0.00	0.00	0.00
Czech Republic	MT	1	0	0	0.00	0.00	0.00	0.00
Germany	MT	105	0	0	0.01	0.00	0.00	0.00

Source: Japan Ministry of Finance

Stocks

Japan used to hold 350,000 MT of emergency barley stocks, but since 2006, those stocks have been replaced by rice stocks. Since practically all the feed barley Japan needs can be imported through the SBS tenders with an ample allocation (1.28 million MT), MAFF determined that government-held emergency stocks were no longer necessary.